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**To: MEMBERS OF THE BOARD OF ADMINISTRATION**

**Subject: QUARTERLY LITIGATION REPORT**

The following chart depicts current and historical litigation activity.

Quarter End	No. of Cases on Hand	No. of New Cases	No. of Closed Cases	Potential <sup>1</sup>	
				Gain	Loss
1/31/03	55	6	13	\$53 million	\$250,000
8/30/03	48	2	9	\$344 million	Minimal
12/30/03	40	11	19	\$594 million	\$5 million <sup>2</sup>
8/31/04	37	5	10	\$568 million	Minimal
12/31/04	37	5	10	\$568 million	Minimal
3/31/05	34	2	4	\$568 million	Minimal
09/30/05	36	12	10	\$570.5 million	Minimal
8/30/06	29	7	17	\$300 million <sup>3</sup>	\$736,000

Current activity is consistent with historic trends.

<sup>1</sup> As with the attached detailed report, this represents the potential impact -- i.e., the recovery sought, without a prediction as to likelihood of success. This information is comparable to that which is provided annually to CalPERS' outside auditors.

<sup>2</sup> The \$5 million claim for attorneys' fees in the *Arnett* class action suit represented the only potential loss attributable to the Public Employees' Retirement Fund (PERF). That case is now closed.

<sup>3</sup> All of the potential "gain" amount would be attributable to the Public Employees' Retirement Fund (PERF). This figure includes potential recovery of estimated losses in AOL Time Warner (\$250 million) and Enron (\$50 million). During this reporting period, CalPERS received \$200 million from the WorldCom settlement.